

**ORIGINAL**

Before the  
**FEDERAL COMMUNICATIONS COMMISSION**  
Washington, D.C. 20554

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NOV 25 1997

In the Matter of

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**DOCKET FILE COPY ORIGINAL** **FEDERAL COMMUNICATIONS COMMISSION**  
**OFFICE OF THE SECRETARY**

)

Application of BellSouth Corporation,

)

CC Docket No. 97-231

BellSouth Telecommunications, Inc.

)

and BellSouth Long Distance, Inc.

)

for Provision of In-Region, InterLATA

)

Services in Louisiana

)

**Comments of MCI Telecommunications Corporation**

**Exhibits A - E**

## EXHIBITS

<b>TAB</b>	<b>Title</b>	<b>Subject</b>
<b>A</b>	Supplemental Declaration of Marcel Henry	Checklist issues
<b>B</b>	Declaration of Marcel Henry in CC Docket No. 97-208	Checklist issues
<b>C</b>	Supplemental Declaration of Samuel King	OSS
<b>D</b>	Declaration of Samuel King in CC Docket No. 97-208	OSS
<b>E</b>	Declaration of Henry Hultquist	CLEC Share of Terminating Minutes

**Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554**

In the Matter of	)	
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Application of BellSouth Corporation,	)	CC Docket No. 97-231
BellSouth Telecommunications, Inc.	)	
and BellSouth Long Distance, Inc.	)	
for Provision of In-Region, InterLATA	)	
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**Exhibit A:  
Supplemental Declaration of Marcel Henry  
on Behalf of MCI Telecommunications Corporation**

BEFORE THE  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554

In the Matter of:	)	
	)	
Application of BellSouth Corporation,	)	
BellSouth Telecommunications, Inc.,	)	CC Docket No. 97-231
and BellSouth Long Distance, Inc.	)	
for Provision of In-region, InterLATA	)	
Services in Louisiana	)	

**SUPPLEMENTAL DECLARATION OF MARCEL HENRY  
on Behalf of MCI Telecommunications Corporation**

Based on my personal knowledge and on information learned in the course of my business duties, I, Marcel Henry, declare as follows:

1. I am Vice President - Southern Financial Operations at MCI Telecommunications Corporation, as well as Vice President of MCImetro Access Transmission Services, MCI's local subsidiary. In these positions, which I have held since December 1996, I oversee MCI's Carrier Management for BellSouth, Sprint/United, and independent telephone companies operating in nineteen states; interconnection contract negotiations; Systems Implementation for the ordering, provisioning, and billing of local telephone service; Network/City Planning for local service; Bill Payment and Auditing for access purchased from incumbent local exchange companies and competitive access providers; and Resale and Sales Agency negotiations for wireless service.

2. Before joining MCI, I worked for fifteen years at Pacific Bell in San Francisco, where I held positions as Vice President - Lead Negotiator for interconnection agreements, Vice President of the Sprint Division, and Director - National Accounts. I also have held several other sales and marketing positions. I received a degree in Information Systems Management from the University of San Francisco, and I am a graduate of the Harvard Business School Program for Management Development.

3. Five weeks ago, I submitted a declaration in connection with BellSouth's application to provide interLATA service in South Carolina. The problems I identified in my South Carolina declaration with BellSouth's region-wide systems continue today, and I have resubmitted that declaration in this proceeding. I am submitting this supplemental declaration to address further MCI's business plans in the BellSouth region, including the effect that the Eighth Circuit's recent ruling has had on those plans. I also respond to a point raised by BellSouth in its Reply Brief in the South Carolina proceeding, on an issue that is also relevant in Louisiana.

4. MCI has taken a region-wide approach to entering BellSouth's local markets. Our strategy has been to focus our efforts initially on one or two key markets, and then to expand to other markets once we know that we can reliably obtain the interconnection and access that we need from BellSouth in order to compete. Following this strategy, MCI has initially targeted its local initiatives in BellSouth's region in Georgia, as well as Florida. MCI's intent has been to use the experience gained there as a launching point into all other states in the region.

5. However, BellSouth's performance providing checklist items to MCI in Georgia and Florida has been woefully inadequate. It simply would make no sense from a

business standpoint for MCI to significantly expand its entry into other BellSouth states at this time, given the significant problems with BellSouth's region-wide OSS and other checklist offerings that have impeded MCI's progress in Georgia and Florida. For these reasons, which I explain in more detail in my South Carolina declaration, MCI does not yet offer facilities-based service in Louisiana.

6. MCI's entry plans in BellSouth's territory and around the country have been dealt an additional blow by the Eighth Circuit's recent ruling on reconsideration in Iowa Utilities Board v. FCC. That decision, which held that the Act does not require ILECs to provide CLECs with combinations of network elements as they exist in its network, came at a critical juncture for MCI's local business. Combinations of unbundled network elements ("UNE combinations") promise to be the most effective means of facilities-based competition for residential customers, and therefore the fastest and best route to elimination of the local monopolies. For this reason, MCI had recently begun intense testing of UNE combinations. Before the Eighth Circuit's ruling, MCI submitted approximately 1000 UNE combinations over the preceding three months, and planned to submit about 1000 more each month through the remainder of 1997. MCI anticipated that local competition via UNE combinations would soon take off, and it was MCI's business plan to complete testing and begin offering commercial competitive service through UNE combinations in the first quarter of 1998.

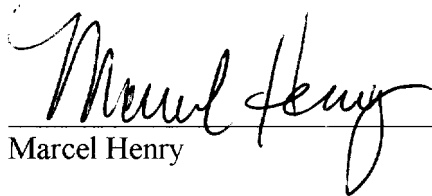
7. The Eighth Circuit's decision is having a devastating effect on that plan. Across the country, ILECs are using the court's decision as a basis to renounce contract provisions requiring them to provide UNE combinations, and they are refusing to process MCI's UNE combination orders. As a result, even testing of UNE combinations is coming to a stop, and

development of actual competition through UNE combinations is not able to begin. So, because of the Eighth Circuit's decision, MCI is left without a profitable entry vehicle for residential customers on a widespread basis, just when we were in the process of starting to make this service available to the mass market. BellSouth, for one, is taking it upon itself to convert MCI's UNE combination orders to orders for resale -- a means of entry that is simply not profitable. BellSouth says it will allow CLECs to combine network elements themselves, but only if they install their own facilities at a collocation and connect BellSouth's network elements through those facilities. Collocation is so expensive, and so time-consuming to obtain, that this is not a viable alternative. Moreover, BellSouth's requirement conflicts with the Commission's understanding, confirmed by the court, that the Act permits CLECs to provide finished services using only ILEC network elements that CLECs combine without using their own facilities or equipment. As a result of these developments, UNE combinations do not appear to be a practical means to compete.

8. The problems with BellSouth's UNE combination proposals (such as they exist at all) and other checklist offerings are discussed in detail in my South Carolina declaration. These are region-wide problems that continue today. One issue merits additional mention here, however, based on allegations made in BellSouth's South Carolina Reply Brief. I explained in paragraph 27 of my South Carolina declaration that BellSouth has not made available the information needed by MCI to interconnect at BellSouth's local tandem switches. BellSouth contends in response, not that the information is in fact available, but that MCI has not asked for the information or otherwise sought to interconnect at BellSouth's local tandems. See BellSouth Br. at 65.

9. BellSouth's suggestion that MCI has not asked for the information it needs to interconnect at the local tandems is incorrect. As early as June 1997, MCI specifically requested a list of all local tandems and all end offices that subtend those tandems, for all BellSouth states. BellSouth's response was to say that the requested information was being entered in the Local Exchange Routing Guide ("LERG") and would be available by September. As of October 20, however, according to BellSouth, the local tandem information was still being entered in the LERG. And in November, MCI's plans to order interconnection trunks to BellSouth's East Point local tandem have been frustrated by the lack of information in the LERG listing end offices subtending that local tandem. Thus, the information needed for CLECs to achieve this interconnection is still not available, despite unambiguous requests from MCI, and this has hindered MCI's interconnection efforts.

I declare, under penalty of perjury, that the foregoing is true and correct. Executed on November 21, 1997.

  
Marcel Henry

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Application of BellSouth Corporation,	)	CC Docket No. 97-231
BellSouth Telecommunications, Inc.	)	
and BellSouth Long Distance, Inc.	)	
for Provision of In-Region, InterLATA	)	
Services in Louisiana	)	

**Exhibit B:  
Declaration of Marcel Henry  
on Behalf of MCI Telecommunications Corporation  
in CC Docket No. 97-208**

BEFORE THE  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554

In the Matter of:	)	
	)	
Application of BellSouth Communications,	)	
Inc., Pursuant to Section 271 of the	)	CC Docket No. 97-208
Communications Act of 1934, as amended,	)	
to Provide In-region, InterLATA Services	)	
in South Carolina	)	

**DECLARATION OF MARCEL HENRY  
on Behalf of MCI Telecommunications Corporation**

Based on my personal knowledge and on information learned in the course of my business duties, I, Marcel Henry, declare as follows:

1. I am Vice President - Southern Financial Operations at MCI Telecommunications Corporation, as well as Vice President of MCImetro Access Transmission Services, MCI's local subsidiary. In these positions, which I have held since December 1996, I oversee MCI's Carrier Management for BellSouth, Sprint/United, and independent telephone companies operating in nineteen states; interconnection contract negotiations; Systems Implementation for the ordering, provisioning, and billing for local telephone service; Network/City Planning for local service; Bill Payment and Auditing for access purchased from incumbent local exchange companies and competitive access providers; and Resale and Sales Agency negotiations for wireless service.

2. Before joining MCI, I worked for fifteen years at Pacific Bell in San Francisco, where I held positions as Vice President - Lead Negotiator for interconnection agreements, Vice President of the Sprint Division, and Director - National Accounts. I also have held several other sales and marketing positions. I received a degree in Information Systems Management from the University of San Francisco, and I am a graduate of the Harvard Business School Program for Management Development.

3. This declaration has two primary purposes. First, I will describe the efforts that MCI has undertaken so far in order to enter the local telephone exchange markets throughout the country, and the importance of interconnection, unbundled network elements, and resale to those efforts. Second, in the bulk of this declaration I will explain how BellSouth's Statement of Generally Available Terms and Conditions ("SGAT") for South Carolina falls short of truly offering all of the items listed in the competitive checklist that is set forth in Section 271(c)(2)(B) of the Telecommunications Act of 1996 ("Act"). In that regard, I address whether the SGAT offers every required checklist item and whether the checklist items are offered -- and are actually available -- on terms and conditions that comply with the Act. It is my opinion that BellSouth's SGAT clearly does not offer all of the checklist items in a manner that is fully consistent with the requirements of the Act.

#### **MCI'S EFFORTS TO ENTER THE LOCAL MARKETS**

4. The promise of the Act is to bring consumers the benefits of competition in local phone markets -- lower prices, higher service quality, and greater choices. The local marketplace is vital to the future of MCI, and MCI is absolutely committed to breaking open the

local phone market. Our incentive to get into local service is one of overriding competitive necessity. Simply put, there is no way MCI can pass up the opportunity to offer more and better services to all of our nearly 20 million existing long-distance customers and to the new customers that MCI must attract and keep to survive and grow in the competitive telecommunications business. Moreover, many of our business and residential customers are demanding fully integrated communications services, and, of course, all of them want the chance for real savings on their telephone bills.

5. In order to be competitive, therefore, MCI must be able to fulfill all of its customers' telecommunications needs including local, long-distance, cellular, paging, toll-free services, and Internet access. The ability to provide a competitive local service is vital to MCI's becoming a fully integrated telecommunications provider. Our experience has been that business and residential customers who purchase more than one telecommunications service from MCI are much less likely to switch providers than, for example, a customer who subscribes solely to MCI's basic long-distance service. In addition, consumers changed long-distance companies an estimated 50 million times last year alone. This fact underscores the competitiveness of the long-distance market, but it also poses a challenge to MCI, which not only wants to win new customers but also wants to keep those customers it has satisfied over the long term. Moreover, entering the market for local service is vital to retaining MCI's core long-distance customers. Many companies are moving aggressively to take advantage of the opportunities created by the Act. If MCI cannot provide fully integrated telecommunications services, we will very likely lose both business and residential long-distance customers to those competitors that can provide a complete package of services.

6. In addition, the local phone market presents MCI with a huge business opportunity. Until now, this market has been the province of incumbent monopoly service providers, primarily the Regional Bell Operating Companies ("BOCs"). How large is the market for local service? Almost double that for long-distance service. In 1996, the total revenue from long-distance service (net of access charges paid to incumbents) was approximately \$50 billion, while total local service revenue was just under \$96 billion. That figure included approximately \$56 billion in local service revenue, \$29 billion in access revenue, and \$11 billion in intraLATA revenue. The size and profitability of the local marketplace provide a compelling competitive opportunity for MCI. Indeed, many of our long distance business customers tell us they will switch to MCI local service as soon as it is available. Being competitive in this market will bring tremendous benefit not only to consumers but also to MCI and its shareholders.

7. MCI has an additional direct and immediate financial incentive to enter local markets. By providing local service ourselves, we will be able to avoid the exorbitant access charges imposed upon us by the current monopoly providers. Even if we do not provide alternative local service to our long-distance customers, effective competition in access services will force the BOCs to lower access charges for their access customers. The ability to reduce its access costs doubly benefits MCI, because the current access regime both greatly increases our costs of doing business and provides the incumbent monopoly BOCs with huge war chests with which to compete against us. MCI will also be able to improve reliability in its services by reducing its dependence on the local exchange carriers for access services.

8. The importance of the local market to MCI is demonstrated by MCI's level of commitment to providing competitive local service across the country. MCI has spent over

\$2.5 billion on local markets so far. Capital investments constitute a large portion of those expenditures: \$1 billion through 1996, another \$700 million in 1997 alone, with a cumulative total of \$3 billion in capital expenditures planned by the end of 1998.

9. All this money is financing MCI's broad-based entry into local markets nationwide. MCI currently provides switched local service using its own facilities (including switches and local city networks) in 25 cities. MCI intends to be in 31 local markets by the end of 1997. By the end of 1998, MCI intends to offer local service in 54 local markets.

10. MCI will bring the benefits of increased competition to all segments of the market. As it does with long-distance services, MCI will pursue high-volume, high-revenue business customers. And also as it does with long-distance services, MCI will offer a broad array of competitively priced local services to residential customers. MCI is fully committed to entering the residential local market on a large scale. Providing residential service promotes and protects the identity of the MCI brand, which is one of our most important assets. It will also allow us to tap a reservoir of residential customers who may generate a relatively small amount of long-distance revenue but who extensively use other telecommunications services, such as Internet access. Moreover, as I discussed above, we are in danger of losing existing customers if we do not offer a competitive local residential service. We also need to retain and expand our residential base in order to utilize our network efficiently and to keep our costs low.

11. MCI knows what its customers want, and has extensive experience in meeting those needs. Our early entry into the local market has allowed MCI to refine the types of services we intend to provide. In those localities where MCI competes, MCI will offer a full-service line of telecommunications products. We will provide a host of advanced, value-added

services, such as ISDN, voice messaging, and enhanced centrex. MCI also will provide customized reporting and consolidated billing for local and long-distance services. Having a single point of contact for all telecommunications sales and services will facilitate the expansion of consumer choice.

12. In order to implement its aggressive local business plan, MCI must and will use all methods of providing local service: resale of incumbent services, purchasing unbundled network elements from the incumbents, using MCI's own facilities, and entering into ventures with other companies to construct or utilize facilities. Different markets will call for different ways of providing service, but, in order to be competitive, MCI must be able to rely on every method being available to it. In particular, MCI intends to compete in BellSouth's region using each method of entry, and MCI notified BellSouth of these plans in January 1997. See Attach. 1 (Letter from Marcel Henry, MCI, to Mark Feidler, BellSouth (Jan. 27, 1997)). MCI has testified before the the South Carolina Public Service Commission that it intends to compete in South Carolina using every entry method. See Attach. 1A (Testimony of Greg Darnell before the Public Service Commission of South Carolina, Docket No. 97-115-C, at 3).

13. In the case of resale and unbundled network elements, MCI is wholly dependent on the BOCs to provide us with what we need at prices consistent with the law. As competition progresses, however, MCI need not and will not be as tied to BOC service offerings and facilities. MCI intends to provide local telecommunications services to both business and residential customers predominantly through its own switches and other facilities. Where it is more efficient to do so, MCI will utilize unbundled local loops and collocations at BOC facilities to connect its customers to MCI's switches. This approach allows MCI to differentiate its

products and services, as most advanced features and customized applications are provided through software resident in switches or in providers' own external databases. The more it builds, operates, and upgrades its own network, the less dependent MCI will be on outside factors and third parties. Providing local service through its own switches and external databases will maximize value for MCI's shareholders over time.

14. Access to unbundled network elements at cost-based prices is critical to MCI's local business plan for another reason. The Commission has concluded that the BOCs should not impose inflated access charges on access obtained using unbundled network elements, and indeed the Commission is counting on the availability of these elements at cost-based prices to achieve the goal of reducing access charges to cost. Consistent with the Commission's hopes and expectations, MCI intends to utilize unbundled network elements to provide customers with more economical access services. MCI will avoid overpriced access when it uses its own facilities, but during the necessarily long process of building out its own network, the ability to lease network elements at cost-based rates in a variety of combinations will significantly facilitate MCI's market entry and MCI's ability to put competitive pressure on the BOCs. For all of these reasons, it is critical that BellSouth and the other BOCs make all items on the Act's competitive checklist available on reasonable and nondiscriminatory terms and conditions.

15. MCI fully intends to compete using all entry means in all states in BellSouth's region. In South Carolina, MCI has submitted limited test orders, including six residential resale orders and thirteen residential UNE combination orders. The timing of additional activity in South Carolina will depend on whether BellSouth begins to comply fully with the Act. In Georgia, MCI is testing the systems that BellSouth plans to use region-wide in

order to determine whether BellSouth truly can provide what the Act requires. Today, BellSouth is not even close to doing so, for the reasons that I explain below and that are explained in the declaration of Samuel King. Particularly given MCI's experience in California, where PacBell turned out to be unable to support MCI's resale efforts, it would be imprudent for MCI to take additional steps toward providing facilities-based service when BellSouth has not put in place the systems needed to allow a commercial launch to succeed. Only when BellSouth has complied with the Act fully in Georgia will it make sense for MCI to expand into the other states in BellSouth's region. As I explain in greater detail below, there are many defects in BellSouth's compliance with the Act that effectively foreclose additional investment in the BellSouth region at this time.

#### **DEFICIENCIES IN BELL SOUTH'S SGAT**

16. The critical shortcoming in BellSouth's SGAT, and in the affidavits of Alphonso Varner and Keith Milner in support of the SGAT, is the absence of operational detail showing that BellSouth's local competitors can actually obtain all of the checklist items on terms and conditions that comply with the Act. To truly "offer" the items required by the checklist, BellSouth must do more than simply state in its SGAT that it will provide each item in compliance with the Act and the FCC's orders. It must demonstrate that it can actually provide those items in the real world, and that it can do so in commercial quantities, using reliable business procedures, at a level of performance that is both reasonable and nondiscriminatory. In my judgment, BellSouth has not made this showing.

17. The best way for BellSouth to show that it can deliver on the promises made in its SGAT would be to point to actual experience providing checklist items. However, BellSouth has limited experience providing unbundled network elements and most other items required by the checklist. Moreover, the simple fact that BellSouth has provided an item is not sufficient to prove that BellSouth has made the item available as required by the Act. For example, the fact that BellSouth has completed fourteen physical collocations in its nine-state region, see Affidavit of W. Keith Milner ¶ 20, BellSouth App. A, Vol. 3, Tab 9 [hereinafter "Milner Aff."], is not enough to support the conclusion that BellSouth can provide physical collocation on terms and conditions that comply with the Act. To reach that conclusion, one would have to know such details as how quickly BellSouth provided the collocation, what BellSouth charged for preparation of the collocation space, and whether the collocation has been implemented in a reasonable and nondiscriminatory manner.<sup>1</sup> BellSouth generally does not provide such information in its application.

18. Another, far less reliable, way for BellSouth to show that it truly offers the checklist items recited in its SGAT would be to prove through exhaustive testing with CLECs that competitors can order, and that BellSouth can deliver, the various items. BellSouth, particularly in the affidavit of Keith Milner, states that it has performed some testing for several

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<sup>1</sup>For example, MGC Communications testified before the Georgia Public Service Commission that BellSouth has insisted that MGC pay for a fully-walled enclosure for its collocation space, rather than a wire cage that would provide adequate security. See Attach. 2 (Prefiled Testimony of Michael D. English on Behalf of MGC Communications, Inc., Georgia Public Service Commission Docket No. 7061-U (Sept. 5, 1997). A fully-walled enclosure is significantly more costly than a wire cage. Unnecessarily driving up the cost in this manner is just one way in which BellSouth's provision of collocation can fail to comply with the Act's requirements of reasonableness and nondiscrimination.

checklist items. However, Mr. Milner says very little about how the tests were conducted, when they were conducted, or under what circumstances. In addition, these tests appear to have all been internal to BellSouth, not involving any other carrier. Joint testing with another carrier is important to ensure that the entire process is sound and reliable in a commercial environment. BellSouth has not established here that it can provide all checklist items in a commercial setting in a manner that conforms with the Act.

19. The upshot of either actual experience or comprehensive testing would be standard implementation procedures that competitive local exchange carriers ("CLECs") can rely on when seeking to obtain checklist items from BellSouth. As is apparent from the SGAT and the affidavits of Mr. Varner and Mr. Milner, BellSouth has not yet developed such procedures. For example, the SGAT contains no installation intervals, or (with very few exceptions) any form of performance standards, for any checklist item. Thus, the SGAT tells competitive local exchange carriers that they can order unbundled loops, but does not promise delivery within a specified period of time, let alone offer enforcement mechanisms for failure to meet required intervals. As I discuss below in the section on unbundled loops, the installation interval is critical to the viability of competition via unbundled loops. BellSouth cannot be found to offer loops in compliance with the Act unless that offering includes nondiscriminatory, enforceable installation intervals. The same can be said of all other checklist items: reliable procedures, nondiscriminatory business rules, and enforceable standards are needed in order for the various items to truly be offered as the Act requires.

20. With very limited exceptions (access to LIDB database), BellSouth has refused in its negotiations with MCI to commit to performance standards covering any checklist

requirements. Nor has BellSouth been willing to agree to any self-executing remedies in connection with performance standards. BellSouth does not offer enforceable performance standards for any of the critical functions of pre-ordering, ordering, provisioning, maintenance and repair, or billing. Without enforceable performance standards, MCI does not know the quality and timeliness of service it can expect to receive from BellSouth, has no way of holding BellSouth to a specified level of service, and cannot even advise our own prospective or existing customers what level of service MCI can commit to.

21. The lack of standard implementation procedures is also highlighted by the SGAT's repeated invocation of BellSouth's Bona Fide Request ("BFR") process. The BFR process is a non-standard ordering process that allows BellSouth up to 90 days just to give the CLEC a quote stating the price and terms on which it will provide the requested item. The process does not involve any commitment by BellSouth to provide the item, much less to provide it within any specified period. This is not an acceptable procedure for providing standard unbundled network elements, for example. BellSouth does not follow this protracted procedure when it develops new capabilities and services for itself, and requiring competitors to go through this slow and arbitrary procedure is discriminatory as well as unreasonable. In addition, many terms and conditions associated with provision of checklist items must be negotiated by the CLEC with BellSouth on a case-by-case basis. Through these and other business rules, BellSouth erects a variety of roadblocks and speedbumps that impede the CLEC's access to checklist items, even as it states in its SGAT that those items are available.

22. In sum, reciting on paper some of the requirements of the Act is not the same as offering all of the required items.<sup>2</sup> Each item must truly be available. And having provided an item some number of times is not itself proof that the item is available as required by the Act. The terms and conditions on which the item was provided are critically relevant. BellSouth must show that it can provide each item reliably, in commercial quantities, on terms that are reasonable and nondiscriminatory. BellSouth has failed to show this in its SGAT and supporting affidavits.<sup>3</sup>

### **INTERCONNECTION (Checklist Item (i))**

23. MCI and other new entrants into local markets plan to interconnect with BellSouth using collocation, both physical and virtual. A CLEC is not efficiently interconnected with BellSouth if it cannot collocate on fair and nondiscriminatory terms and conditions. Therefore, BellSouth has not met its duty to offer interconnection until it has made collocation operationally available through its SGAT.

24. The collocation offerings contained in BellSouth's SGAT are deficient on their face. No implementational and performance-related details are included in the SGAT;

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<sup>2</sup>Paper promises also can be broken. In 1995, MCI and BellSouth entered an agreement by which BellSouth would lower access charges in Tennessee according to a specified schedule if the Tennessee legislature authorized price cap regulation for BellSouth. The legislature subsequently authorized price cap regulation, but BellSouth refused to file for a tariff reduction as required by its contract with MCI.

<sup>3</sup>In addition, BellSouth cannot argue that any defects in its SGAT can be cured by CLECs' reliance on provisions from agreements that BellSouth has entered with other CLECs. BellSouth has stated that it will permit CLECs to "pick-and-choose" entire agreements, but not particular provisions of agreements.

instead, they are contained in a separate handbook. See SGAT §§ I.C., II.B.6.; Milner Aff. ¶ 15. This handbook is not subject to approval, and was not approved, by the South Carolina Public Service Commission, and BellSouth may amend it unilaterally at any time. In addition, the handbook lacks critical procedural provisions, such as intervals for completion of the collocation. As BellSouth recognizes in Mr. Milner's affidavit, critical terms such as implementation intervals still have to be worked out between the CLEC and BellSouth in negotiations. See Milner Aff. ¶ 23; Affidavit of Alphonso J. Varner [hereinafter "Varner Aff."], at Ex. AJV-4 (BellSouth Telecommunications Negotiations Handbook for Collocation, at 4), BellSouth App. A, Vol. 5, Tab 14. The handbook also leaves the cost of space preparation to be negotiated on a case by case basis, see Varner Aff. ¶ 61, which the Georgia Public Service Commission's Advocate Staff found to be "an obstacle to competition because it introduces unnecessary uncertainty into the process of obtaining physical collocation." Exhibit 3 (Brief and Proposed Order of the Advocate Staff, Georgia Public Service Commission Docket No. 7061-U, at 58 (Oct. 1, 1997)). For these reasons, the collocation handbook cannot satisfy the requirement that the SGAT offer collocation on terms and conditions that comply with the Act.

25. Moreover, it is far from clear that BellSouth can actually provide, within reasonable timeframes, the collocation that it describes in its handbook. As of August 31, 1997, BellSouth has completed only five CLEC virtual collocations in South Carolina. See Milner Aff. ¶ 26. BellSouth has not completed a single physical collocation in South Carolina, and it has completed only fourteen in its entire nine-state region. See Milner Aff. ¶ 20. BellSouth says nothing about whether these collocations were established in a timely fashion or according to reasonable and nondiscriminatory procedures. Yet, simply because it has completed some number

of virtual and physical collocations, BellSouth determined that no end-to-end testing of its collocation arrangements is necessary to prove that it can provide collocation in a manner that complies with the Act. See Milner ¶ 23. In sum, BellSouth has not shown through sufficient experience or testing that CLECs can depend on well-established procedures and intervals for the provision of collocation.

26. To satisfy its duty to provide interconnection, BellSouth must also permit interconnection at any technically feasible point. 47 U.S.C. § 251(c)(2). However, the SGAT does not offer interconnection via a meet point arrangement on a standardized basis including reasonable and nondiscriminatory terms. If a CLEC wishes to interconnect with a mid-span meet, it must use the BFR process. See SGAT § I.A.2.; Varner Aff. ¶ 52.<sup>4</sup> BellSouth states that it will provide “interconnection at all points and using all methods available,” Milner Aff. ¶ 12, but in practice it will provide interconnection at certain points and via certain methods only through the lengthy BFR process.

27. Moreover, BellSouth effectively prevents CLECs from interconnecting at its local tandem switches, although that is the point of interconnection for the exchange of local traffic between BellSouth and independent local telephone companies. On paper, BellSouth seems to allow interconnection at the local tandems, but in actuality it has not provided CLECs with the information CLECs need to interconnect there. CLECs cannot interconnect at the local tandems unless BellSouth publishes those switches’ identities and the NXX codes associated with

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<sup>4</sup>Mr. Varner also suggests that a CLEC can interconnect at a BellSouth tandem switch only via the the BFR process. See Varner Aff. ¶ 46. This statement is ambiguous. It is my understanding that CLECs can interconnect at BellSouth’s access tandems without using a BFR; Mr. Varner might be referring to BellSouth’s local tandems, at which CLECs have so far been unable to interconnect.

the local switches that subtend them. BellSouth has not done so. Thus, while BellSouth's local traffic remains on a dedicated local network that does not utilize the access tandem, CLECs' local traffic is removed from the BellSouth local network and placed on the IXC toll network. This has the effect of enhancing BellSouth's local service, because BellSouth's local traffic does not have to share the local network with CLECs' local traffic. And that enhancement of BellSouth's service comes at the expense of both IXC long-distance traffic and CLEC local traffic as the risk of blockage on the IXC network is increased.

28. There are other shortcomings in the SGAT's interconnection offering. For example, BellSouth's offering is inconsistent with the Act because it provides only for a one-way trunk group to carry local and intraLATA traffic between BellSouth's switch and the CLEC's network. See SGAT § I.D.; Varner Aff. ¶ 47. Because two-way trunking avoids the need to install an additional trunk group, it is more efficient and less costly, and it would therefore allow CLECs to bring competition to the local market more quickly and effectively. However, BellSouth limits the availability of two-way trunking to trunk groups carrying interLATA traffic. See SGAT § I.D.; Varner Aff. ¶ 47. There is no technical justification for this limitation, particularly because BOCs already use two-way trunking in their own networks and provide two-way trunking to independent LECs. If a CLEC wishes to use two-way trunking to exchange local traffic with BellSouth, it must request that through the deficient and discriminatory BFR process. See SGAT § I.D.

29. Also, there is no legitimate basis for BellSouth's statement in its SGAT that it will provide a CLEC with "intermediary" tandem switching and transport for calls terminating to a different CLEC's end user only when termination of such calls is "authorized."

SGAT § I.A.5. I understand this to mean that BellSouth has set itself up as a self-appointed regulator of interconnection, and will not terminate calls to another carrier's customer unless the originating CLEC has an interconnection agreement with the terminating carrier. BellSouth used precisely this strategy when it refused to complete MCI's customers' calls originating in Memphis, Tennessee to terminating numbers in West Memphis, Arkansas -- Southwestern Bell's territory -- because MCI did not yet have an interconnection agreement with Southwestern Bell in Arkansas. See Attach. 4 (correspondence between Mark Feidler, BellSouth, and Marcel Henry, MCI (Jan. 31, 1997 and Feb. 5, 1997)). BellSouth's duty is to complete the call, not to take upon itself the role of regulator and block those calls it finds not to be "authorized."

**UNBUNDLED NETWORK ELEMENTS**  
**(Checklist Item (ii))**

30. The Act requires BellSouth to provide nondiscriminatory access to unbundled network elements at any technically feasible point. 47 U.S.C. § 251(c)(3). BellSouth's SGAT does not offer unbundled elements in accordance with these requirements. BellSouth's failure to offer unbundled loops, unbundled switching, and unbundled transport in accordance with the Act is discussed in separate sections of this affidavit because those elements are separate checklist items. In addition, however, BellSouth has failed to offer access to other network elements, particularly combinations of network elements, subloop elements, and dark fiber, in a manner that is consistent with the Act.

A. Combinations of elements

31. BellSouth's SGAT states that "CLECs may combine BellSouth network elements in any manner to provide telecommunications services." SGAT § II.F.; see Varner Aff.